

**RULES
OF
TENNESSEE BOARD OF CHIROPRACTIC EXAMINERS
DIVISION OF HEALTH RELATED BOARDS**

**CHAPTER 0260-4-1
GENERAL RULES GOVERNING CHIROPRACTIC PROFESSIONAL CORPORATIONS**

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0260-4-1-.01 PURPOSE.

- (1) These rules are adopted by the Tennessee Board of Chiropractic Examiners ("Board") to implement the Tennessee Professional Corporation Act, Tennessee Code Annotated, Section 48-101-601 et seq. (the "Act"). The Act, under certain circumstances, allows one or more chiropractors who are duly licensed by the Tennessee Board of Chiropractic Examiners to practice chiropractic in the State of Tennessee to incorporate and be shareholders in a chiropractic professional corporation ("C.P.C.") located and doing business in the State of Tennessee.
- (2) The Act and these rules shall not be construed to allow the corporate structure to interfere with the independent professional judgment of a chiropractor.

Authority: T.C.A. §§4-5-202, 4-5-204, 48-101-601 et seq., 63-4-101, 63-4-102, 63-4-103, 63-4-106, and 63-4-107.
Administrative History: Original rule filed January 31, 2000; effective April 15, 2000.

0260-4-1-.02 DEFINITIONS. The following definitions shall apply to terms as they appear in these rules of the Tennessee Board of Chiropractic Examiners, unless the context clearly requires otherwise.

- (1) Area of Practice - The various disciplines and specialties that are generally accepted by the chiropractic community to comprise the practice of chiropractic. For purposes of this definition "area of practice" shall be construed to include those areas comprising the practice of chiropractic that are approved by the Tennessee Board of Chiropractic Examiners.
- (2) Attorney General - The Office of the Attorney General for the State of Tennessee.
- (3) Board - The Tennessee Board of Chiropractic Examiners. For purposes of these rules, all correspondence and notices required to be made by a person to the Board under these rules shall be made to the Tennessee Board of Chiropractic Examiners, Attention: Professional Corporations Section, First Floor, Cordell Hull Building, 425 Fifth Avenue North, Nashville, Tennessee 37247-1010 or any other place as directed, from time to time, by the Board.
- (4) Chiropractic Professional Corporation or C.P.C. - A "for profit" corporation that is incorporated for the purpose of rendering a chiropractic service or chiropractic services and whose shareholders consist of a chiropractor or chiropractors.

(Rule 0260-4-1-.02, continued)

- (5) Chiropractic Service - An activity that falls within the definition of the “practice of chiropractic” as set forth in Tennessee Code Annotated, Section 63-4-101. See also “Professional Service.”
- (6) Chiropractor - A person holding a license in good standing to practice chiropractic issued by the Board of Chiropractic Examiners. See also “Qualified Person”.
- (7) Code of Ethics - Wherever in these rules the term “code of ethics” is used, it refers to the code of ethics governing chiropractor conduct adopted by the American Chiropractic Association.
- (8) Day - Any day, except Saturday, Sunday, or a legal holiday. For purposes of the definition of “day”, “legal holiday” shall be construed to include New Year’s Day, Birthday of Martin Luther King, Jr., Presidents’ Day, Good Friday, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans’ Day, Thanksgiving Day, Christmas Day, or any other day appointed as a legal holiday by the Governor of the State of Tennessee or the President of the United States. However, where the words “calendar day” are used, then “day” shall be construed to mean any day, including Saturday, Sunday, or a legal holiday.
- (9) Director - A member of the Board of Directors of a C.P.C.
- (10) Disqualified Person - Any person who is not a licensed chiropractor. A disqualified person, inter alia, shall not be a shareholder or director of a C.P.C.
- (11) Disqualifying Event - Any event set forth at Tennessee code Annotated, Section 48--101-613(a)(1)-(4).
- (12) Judicial Dissolution - The type of corporate dissolution contemplated by the Act at Tennessee Code Annotated, Section 48-101-624.
- (13) Non-D.C. Professional - Any person, except a chiropractor, that may be a shareholder of a P.C. subject to the Act.
- (14) Person - A natural person, general partnership in which all partners are qualified persons, or a C.P.C.
- (15) Practice of Chiropractic - The “practice of chiropractic “ as set forth in Tennessee Code Annotated, Section 63-4-101. See also “Professional Service” or “Chiropractic Service”.
- (16) Principal - A person with an ownership interest, direct or indirect, of a C.P.C. or a P.C. For purposes of the definition of “principal”, “principal” shall be construed to include, without limitation, any person who owns a share or shares in a C.P.C.
- (17) Professional - Any person, including a chiropractor , that may be a shareholder of a P.C. subject to the Act.
- (18) Professional Corporation or P.C. - Any corporation, including a C.P.C. that is subject to the Act.
- (19) Professional Service - A chiropractic service.
- (20) Qualified Person - A natural person who is a licensed chiropractor, a general partnership in which all partners are chiropractors, or a C.P.C. See “Person” or “Chiropractor “.
- (21) Reporting Officer - A person authorized by the Board of Directors of a C.P.C. to receive notices and communications with respect to the form and substance of the corporate charter and to supervise the incorporation and operation of the C.P.C. The Reporting Officer must be either the President or Secretary of the C.P.C.

(Rule 0260-4-1-.02, continued)

- (22) Secretary of State - The Tennessee Secretary of State.
- (23) Shall or Must - Where these words are used, compliance is mandatory.
- (24) Should or May - Where these words are used, it means a suggestion or a recommendation.
- (25) Termination - The act or decision to cease contracting with a chiropractor provider.
- (26) Third Party Payor - Any entity, licensed, or regulated by the Tennessee Department of Commerce and Insurance, that issues plans or administers plans of health insurance for citizens within Tennessee.

Authority: T.C.A. §§4-5-202, 4-5-204, 48-101-602, 48-101-603, 48-101-630, and 63-4-101 et seq. **Administrative History:** Original rule filed January 31, 2000; effective April 15, 2000.

0260-4-1-.03 COVERAGE AND SCOPE OF ACT.

- (1) The Act shall cover C.P.C.'s. These rules shall affect only C.P.C.'s and no other type of P.C.
- (2) The Act shall apply only to those C.P.C.'s in which each shareholder is a chiropractor currently holding a license to practice chiropractic by the Board. Consequently, the Act shall not apply to chiropractic doctors who, although licensed by a licensing authority of another jurisdiction, are not licensed by the Tennessee Board of Chiropractic Examiners.
- (3) The Tennessee Business Corporation Act, Tennessee Code Annotated, Section 48-11-101 et seq., and any rule promulgated thereunder, is hereby made a part of the Act except to the extent that the Tennessee Business Corporation Act is inconsistent with the Act.

Authority: T.C.A. §§4-5-202, 4-5-204, 48-101-601 et seq., 48-11-101 et seq., and 63-4-101 et seq. **Administrative History:** Original rule filed January 31, 2000; effective April 15, 2000.

0260-4-1-.04 OWNERSHIP OF C.P.C. SHARES.

- (1) Only qualified chiropractors shall own shares of a C.P.C.
- (2) A chiropractor shall be deemed a disqualified person upon the occurrence of any disqualifying event so long as disqualifying event lasts longer than 150 continuous calendar days.
- (3) Upon a chiropractor becoming a disqualified person, the C.P.C. must acquire, or cause a qualified person to acquire, all of the shares that the chiropractor at issue owns. With respect to the valuation and acquisition of shares under this rule, the process set forth in Tennessee Code Annotated, Section 48-101-613, shall be used.

Authority: T.C.A. §§4-5-202, 4-5-204, 48-101-610, 48-101-613, 48-101-630, and 63-4-101 et seq. **Administrative History:** Original rule filed January 31, 2000; effective April 15, 2000.

0260-4-1-.05 REQUIREMENTS AS TO FORM OF CORPORATE CHARTER.

- (1) With respect to the form of the corporate charter, it shall meet all requirements of the Tennessee Business Corporation Act as set forth in Tennessee Code Annotated, Section 48-12-102.
- (2) The requirement to provide the information set forth in Paragraph 1 of this rule shall be a continuing one. In the event that there is a change with respect to any of the information submitted in the charter,

(Rule 0260-4-1-.05, continued)

the C.P.C. shall file an amendment to the charter with the Secretary of State which complies with the requirements of T.C.A. §48-20-106. Failure to timely file the amendment may result in the commencement of the dissolution of the C.P.C.

Authority: T.C.A. §§4-5-202, 4-5-204, 48-12-102, 48-20-106, 48-101-610(b), 48-101-629, 48-101-630, 63-4-101 et seq., and Public Chapter 927 of the Public Acts of 1998. **Administrative History:** Original rule filed January 31, 2000; effective April 15, 2000.

0260-4-1-.06 FILING OF CHARTER.

- (1) Charters of C.P.C.'s under this Act need to be filed with the Board and the Secretary of State as required by the Tennessee Business Corporation Act.

Authority: T.C.A. §§4-5-202, 4-5-204, 48-101-604(a), 48-101-610(b), and 63-4-101 et seq. **Administrative History:** Original rule filed January 31, 2000; effective April 15, 2000.

0260-4-1-.07 CORPORATE PRACTICE LIMITATIONS.

- (1) Chiropractor incorporators, shareholders, officers, or directors of a C.P.C., acting individually or on behalf of, or collectively as the C.P.C., shall exercise only such authority as an employing entity may exercise regarding diagnosis, treatment and/or referral decisions made by any chiropractor employed by or contracting with or otherwise providing chiropractic services within the scope of their practice within the C.P.C.
- (2) A chiropractor shall not enter into an employment, compensation, or other contractual arrangement with a C.P.C. that may violate the code of ethics or which gives the C.P.C. more authority over the chiropractor's diagnosis, treatment and/or referral decisions than an employing entity may exercise regarding those decisions.
- (3) Violation of this rule by any chiropractor individually or collectively while acting as a C.P.C. may subject the chiropractor (s) to disciplinary action pursuant to T.C.A. §§ 63-4-114, 63-4-115, 63-4-116, and 63-4-117.

Authority: T.C.A. §§4-5-202, 4-5-204, 48-101-610(b), 48-101-630, 63-4-106, 63-4-114, 63-4-115, 63-4-116, and 63-4-117. **Administrative History:** Original rule filed January 31, 2000; effective April 15, 2000.

0260-4-1-.08 PRACTICE BEYOND SCOPE OF CHARTER.

- (1) Engaging in, or allowing another chiropractor incorporator, shareholder, officer, or director, while acting on behalf of the C.P.C., to engage in chiropractic practice in any area beyond that which is specifically set forth in the charter may be a violation of the code of ethics and/or either T.C.A. § 63-6-114.

Authority: T.C.A. §§4-5-202, 4-5-204, 48-101-610(b), 48-101-630, and 63-4-101 et seq. **Administrative History:** Original rule filed January 31, 2000; effective April 15, 2000.

0260-4-1-.09 PROHIBITION ON CHIROPRACTORS COMBINING WITH OTHER PROFESSIONS.

- (1) The combination of a chiropractor and a non-chiropractor professional within a P.C., as contemplated by Tennessee Code Annotated, Section 48-101-605(b), is specifically prohibited.

Authority: T.C.A. §§4-5-202, 4-5-204, 48-101-605(b), 48-101-610(b), 48-101-630, and 63-4-101 et seq. **Administrative History:** Original rule filed January 31, 2000; effective April 15, 2000.

0260-4-1-10 ETHICAL PROHIBITION ON CHIROPRACTORS' OWNERSHIP OF A NON-C.P.C.

- (1) It may constitute a violation of the code of ethics and T.C.A. § 63-4-114 for a chiropractor to be a shareholder in any P.C. that is not a C.P.C. unless that chiropractor has been licensed as a professional in the primary type of business to be conducted by the non-C.P.C.

Authority: T.C.A. §§4-5-202, 4-5-204, 48-101-610(b), 63-4-106, and 63-4-114. **Administrative History:** Original rule filed January 31, 2000; effective April 15, 2000.

0260-4-1-11 CORPORATE NAME.

- (1) In addition to the requirements relating to the corporate name of a C.P.C. as set forth in Tennessee Code Annotated, Section 48-101-609, the designation "P.C.", "P.A.", "S.C.", or any other similar description must be used on all forms of communication including, without limitation, letterhead, business cards, any communications to patients or third party payors, or telephone directory materials.

Authority: T.C.A. §§4-5-202, 4-5-204, 48-101-609, 48-101-630, and 63-4-101 et seq. **Administrative History:** Original rule filed January 31, 2000; effective April 15, 2000.

0260-4-1-12 OFFICERS AND DIRECTORS.

- (1) With respect to officers of a C.P.C., all, except the following officers, must be chiropractors :
 - (a) secretary;
 - (b) assistant secretary;
 - (c) treasurer; and
 - (d) assistant treasurer.
- (2) With respect to members of the Board of Directors of a C.P.C., only chiropractors shall be directors of a C.P.C.

Authority: T.C.A. §§4-5-202, 4-5-204, 48-101-618(a), 48-101-630, and 63-4-101 et seq. **Administrative History:** Original rule filed January 31, 2000; effective April 15, 2000.

0260-4-1-13 REQUIREMENTS AS TO FORM OF STOCK CERTIFICATE.

- (1) Each share in a C.P.C. shall bear the designation required by Tennessee Code Annotated, Section 48-101-611 (a).

Authority: T.C.A. §§4-5-202, 4-5-204, 48-101-611 (a), 48-101-630, and 63-4-101 et seq. **Administrative History:** Original rule filed January 31, 2000; effective April 15, 2000.

0260-4-1-14 OFFERING OF C.P.C. SHARES PROHIBITED.

- (1) A share in a C.P.C. shall not be offered for sale or purchase to a person who is not a chiropractor.

Authority: T.C.A. §§4-5-202, 4-5-204, 48-101-610(b), 48-101-630, and 63-4-101 et seq. **Administrative History:** Original rule filed January 31, 2000; effective April 15, 2000.

0260-4-1-15 REGULATION OF C.P.C. SHARES BY THE BOARD.

- (1) Each C.P.C., and every shareholder, incorporator, officer, and director thereto, shall be subject to the regulation of the applicable Board with respect to the activities contemplated under the charter.

Authority: T.C.A. §§4-5-202, 4-5-204, 48-101-610(b), 48-101-630, and 63-4-101 et seq. **Administrative History:** Original rule filed January 31, 2000; effective April 15, 2000.

0260-4-1-16 FILING OF ANNUAL STATEMENT OF QUALIFICATIONS.

- (1) The C.P.C. shall file a verified Annual Statement of Qualifications with the Board.

Authority: T.C.A. §§4-5-202, 4-5-204, 48-101-629, 48-101-630, and 63-4-101 et seq. **Administrative History:** Original rule filed January 31, 2000; effective April 15, 2000.

0260-4-1-17 TERMINATION OF C.P.C. STATUS.

- (1) Upon the consent of the number of shareholders specified in the charter or bylaws, the status of C.P.C. may be voluntarily terminated by giving prompt written notice to the Board and the Secretary of State of the appropriate charter amendment or restatement needed to terminate said C.P.C.
- (2) Upon the cessation of any qualified person owning shares in the P.C., the status of C.P.C. shall be terminated. The corporation may continue its corporate existence under the Tennessee Business Corporation Act if the charter is amended to remove references to the rendition of a chiropractic service.

Authority: T.C.A. §§4-5-202, 4-5-204, 48-101-623, and 63-4-101 et seq. **Administrative History:** Original rule filed January 31, 2000; effective April 15, 2000.